

Advancing Economic and Financial Education Research: *A Global Perspective*

presented by

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Federal Reserve Bank of Chicago



Introductions & Appreciation

Around the world.....

- Argentina
- Australia
- Botswana
- Brazil
- Canada
- **China**
- Columbia
- France
- Guatemala
- Honduras
- Hong Kong
- **Iceland**
- India
- Ireland
- **Netherlands**
- **Nigeria**
- **Mexico**
- Pakistan
- Poland
- **Russia**
- Singapore
- **Spain**
- **South Korea**
- Suriname
- **Taiwan**
- **Turkey**
- United Kingdom
- Uruguay
- Venezuela

And the list goes on.....

Taking stock....

How are Americans doing financially?



Foreclosures have fallen 35 months in a row, but....

- They are still occurring at alarming rates.
 - ✓ 1 in 359 homes in Nevada.
 - ✓ 1 in 383 homes in Florida.
 - ✓ 1 in 537 homes in Ohio.
 - ✓ 1 in 660 homes in Indiana.
 - ✓ 1 in 725 homes in **Illinois.**

Source: RealtyTrac



Home prices in the 20 largest cities have risen 12% from a year ago, but....

- They are still 23% below their peak in mid-2006.
- Smallest price increases for New York (3.3%), Cleveland (3.5%), Washington DC (5.7%), Boston (6.7%), **Chicago (7.3%).**



Source: S&P / Case-Shiller

2.5 million mortgage borrowers no longer underwater, but....

- 7.1 million Americans still owe more than their home is worth.
- Certain areas much worse than others – Nevada, Florida, Arizona, Michigan, Georgia, and **Illinois**.



Source: CoreLogic and RealtyTrac

Unemployment rate at 7.3% - the lowest in 5 years, but....

- Drop is because Americans stopped working or looking for work – not because of a rise in employment.
- The proportion working or looking for work is at its lowest point in 35 years (63%).
- The real unemployment rate is really **14%**.
- Job growth is still weak. Number of jobs created below expectations.
- Unemployment rate for **Illinois – 9.2%** (2nd highest in US). Real unemployment rate is more like **16%**.

Source: Bureau of Labor Statistics

And this is just housing and employment

What about....

- Earnings?
- Savings and investments?
- Student loans?
- Access to consumer and business credit?
- Access to other financial services and products?
- Consumer protection?



And the list goes on....

**Individuals and families need
the knowledge and skills to secure
their long-term economic
and financial security.**



Yet, we continue to ask....

**Does economic and
financial education
really work?**

**Why do we
continue to ask
this question?**



Where is economic and financial education research right now? Where is it headed?

1. Core competencies and metrics.
2. New educational technologies and learning platforms.
3. New financial technologies and infrastructure.
4. New practical and sustainable models for economic and community development.
5. Making the business case for economic and financial education.



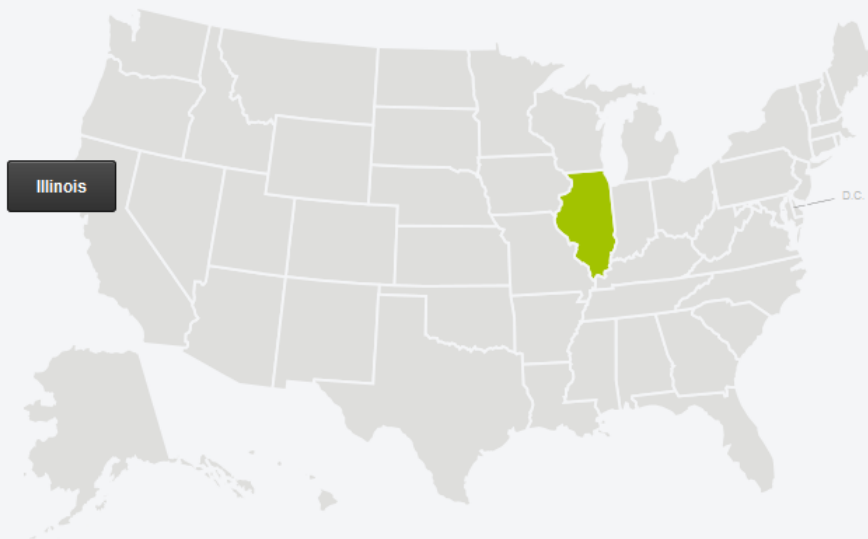
Where are we at right now?

1. Core competencies and metrics

- **National Standards for Financial Literacy**
 - ✓ Council for Economic Education
 - ✓ Jump\$tart Coalition for Personal Financial Literacy
 - ✓ National Financial Educators Council
 - ✓ State Departments of Education
- **Financial “Capability” and “Inclusion” Studies**
 - ✓ FINRA Investor Education Foundation
<http://www.usfinancialcapability.org/>
 - ✓ United Kingdom, Ireland, Iceland, Canada, Australia, New Zealand, Kenya, and many more....

The 2012 National Financial Capability Study (NFCFS) presents new survey findings that underscore the need to ensure all Americans have access to the education, resources and tools they need to manage their money with confidence. This second iteration of the study builds on the findings and benchmarks established in 2009 and adds to the growing conversation about how individuals can best manage and make decisions about their financial resources.

Choose a state from the map below or

[View National Results](#)


Select a State



Submit

Read the Report of National Findings from the 2012 NFCFS.

For more detailed findings on Americans' financial capability, read the full report of national findings, or download an Excel file of results by state.



About the FINRA Foundation

The FINRA Investor Education Foundation provides underserved Americans with the knowledge, skills and tools necessary for financial success throughout life. Since 2003 it has supported innovative research and

Data and Methodology

To broaden the conversation on financial capability, the FINRA Foundation invites academic and policy researchers and others interested, to further explore research implications with access to full

Financial Literacy Quiz

Gauge your financial knowledge—take the quiz and compare your score with the averages in specific states, regions or the nation overall.

● **International Standards for Financial Literacy & Inclusion**

Organisation for Economic Co-operation and Development (OECD)

- <http://www.oecd.org/finance/financial-education/>

✓ Advancing National Strategies for Financial Education

- <http://www.oecd.org/daf/fin/financial-education/advancing-national-strategies-for-financial-education.htm>
- Jointly published by Russia's G20 Presidency and OECD.
- Progress by governments of the world's major economies in implementing national strategies for financial education.

✓ OECD PISA Financial Literacy Assessment

- <http://www.oecd.org/finance/financial-education/oecdpisafinancialliteracyassessment.htm>
- Programme for International Student Assessment (PISA) tests 15 year-olds on their knowledge of personal finance and ability to apply it to financial problems (18 countries including US).

Financial education

- > Financial markets
- > Monetary and financial issues
- > Insurance
- > Private pensions
- > Public debt management
- Financial education**

Find

[» Working papers](#)[» Meetings](#)[Latest Documents](#)

What's new

[» Global Policy Research Symposium to Advance Financial Literacy](#)[» Advancing National Strategies for Financial Education](#)

This joint G20-OECD study monitors progress by the governments of the world's major economies in implementing national strategies for improving financial education

[» Read more](#)

The awareness of the importance of financial education is gaining momentum among policy makers in economies the world over. The OECD and its International Network on Financial Education (INFE) provide a unique policy forum for governments to exchange views and experiences on this issue.

National strategies for financial education

Access research and tools designed to help policymakers design and implement national strategies for financial education.

Financial education and women

Guidance for the development and implementation of financial education initiatives for women and girls.

Financial education in schools

Research and tools to help policy makers and programme developers to successfully implement financial education programmes in schools.

Financial consumer protection

G20 finance ministers have agreed principles to boost financial consumer protection. These principles form part of a broader initiative by G20 leaders to strengthen trust and confidence in the financial sector.

Evaluating financial education programmes

Monitoring and evaluation is essential in order to be certain that a programme is effective, to identify areas for improvement and to check that the initiative makes good use of resources.

Measuring financial literacy

Questionnaire, guidance and tools to measure levels of financial literacy and research using data from 14 countries.

Where are we headed? 2. New educational technologies and learning platforms

- **Open, flexible, and affordable** access to world-class education.
- **Lifelong learning** - Building skills for school, work, and life across the lifespan.
- Globally-recognized **credentials** (certifications, degrees, badges).
- **Application** of knowledge and technical skills to solve real life situations and business problems.
- New **breakthrough technologies** (e.g., applications, learning platforms, gamification, assessment).



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Introduction to Environmental Law and Policy

The University of North Carolina at Chapel Hill, Sep 16th



International Organizations Management

University of Geneva, Sep 30th



Asset Pricing

The University of Chicago, Sep 30th



Songwriting

Berklee College of Music, Oct 14th



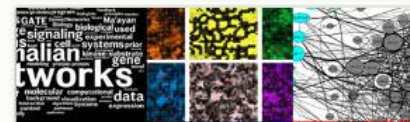
Model Thinking

University of Michigan, Oct 7th



Conceptos y Herramientas para la Física Universitaria

Tecnológico de Monterrey, Sep 23rd



What does this mean for economic and financial education?

How we think about economic and financial education will forever be changed in the next 5-10 years.

- ✓ Access, reach, and affordability.
- ✓ Quality, value, and brand image.
- ✓ Globally-recognized credentials (degrees, certifications, badges).
- ✓ Self-sustaining, revenue-generating business enterprises.
- ✓ Tracking, monitoring, and assessment.



Imagine “Financial Literacy 101” being taught to **one million students from around the world all at the same time!!!**



EVERFI PROMOTES

Financial Literacy Month

ON

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Our Unique Model

We partner with Fortune 500 companies and leading foundations to bring cutting-edge education technology to communities at scale, free of cost to K-12 schools. In addition, over 450 colleges buy our technology and services directly.

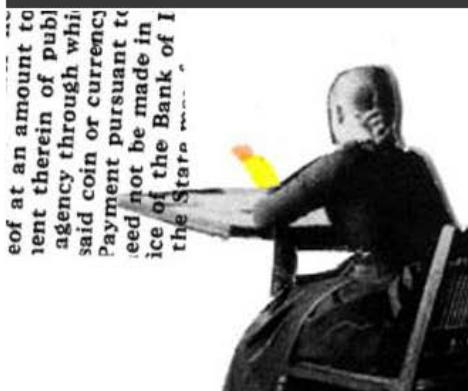
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EverFi is adding new schools to its growing network of more than 5,000 K-12 and higher education institutions.

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Introducing Commons...

EverFi is proud to introduce, *Commons - Digital Town Square*, a civics education platform empowering students to become informed, engaged citizens.

[Read More](#) →

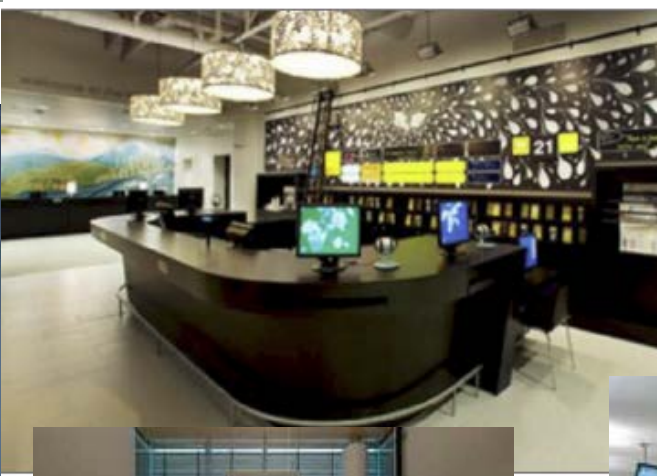


Where are we headed? 3. New financial technologies and infrastructure

Where is the financial industry headed?

- Apps and mobile technologies
- Touchscreen devices (tablets/slates)
- Surface technologies (interactive table computers)
- Interactive walls
- Videoconferencing and “teleportal” services
- High-tech “lounge” environments
- Quasi-Internet “café” environments
- Biometrics
- Gamification


Engagement and interaction is the key!



[educator](#) ▾

[student](#) ▾

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"MOBILE PHONES MATTER" HOW TO USE MOBILE PHONES FOR FINANCIAL MANAGEMENT AND FINANCIAL DECISION-MAKING



Most high school students are comfortable using mobile phones. Many high school students use smartphones, such as iPhones, which are becoming part of our culture. It is also becoming more cost effective to use the broad range of smartphone services to cut down on other costs such as watches, games, and other accessory items. According to Maximilian Schmeiser of the Federal Reserve, the Center for Financial Services Innovation, the U.S. Treasury, and other national leaders, mobile phones do matter when it comes to financial management and financial decision-making.

KEY CONCEPTS

[Banking](#), [Benefit](#), [Budget](#), [Choice](#), [Cost/Benefit Analysis](#), [Decision Making](#), [Insurance](#), [Opportunity Cost](#), [Trade-off](#)

STUDENTS WILL

- Take notes on the advantages of using mobile phones for financial management and financial decision-making.
- Read an article from the Federal Trade Commission (FTC) on mobile applications.

▶ [VIEW STUDENT VERSION](#)

The following link is to the student version of this lesson for students to follow online:

<http://econedlink.org/1150>


LESSON DETAILS

Grades: 9-12

Author: [Brian Page](#)

Posted: August 28, 2013

STANDARDS IN ECONOMICS

 NATIONAL STANDARDS


 STATE STANDARDS


STANDARDS IN PERSONAL FINANCE


 NATIONAL STANDARDS

 STATE STANDARDS

OPTIONS

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ideas

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YODLEE

FINCAPDEV: WHAT IT'S ALL ABOUT [VIDEO]

From potential partners to applicants to supporters, "What's FinCapDev all about?" is a question we hear regularly. And as the ecosystem has grown and evolved, so too has the answer to that question! That's why we created the following video which includes highlights from the FinCapDev2013 \$100K Demo Day, remarks from our generous funders and [...]

FINCAPDEV EVENT ALERT: INNOVATION FOR CHANGE

On Monday, September 9 in New York City, the FinCapDev community is getting together for an evening of discussion in which we'll explore how smart mobile app development can improve financial capability for underserved consumers. A moderated panel of FinCapDev Finalist alums, program partners and supporters will share what it's like to be involved in the [...]

\$100K DEMO DAY [RECORDED WEBCAST]

Miss last night's \$100K Demo Day? We've got you covered. Below is the webcast in full.

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View event details ^

Where are we headed? 4 & 5. New Models and Making the Business Case

1. Core competencies and metrics.
2. New educational technologies and learning platforms.
3. New financial technologies and infrastructure.
- 4. New practical and sustainable models for economic and community development.**
- 5. Making the business case for economic and financial education.**



How do we fit into the “bigger” picture beyond education?

What is the “bigger” picture”?

- What do people really need?
- “Needs” are often thought of as “the problem.”
- Education efforts often designed to address these “needs.”
- But these aren’t the real problem.
- These are just “symptoms” of the problem.
- What really is the root problem?
- The key is to see where we fit into this bigger picture more clearly.



Looking beyond the education: How do we build more practical and sustainable models?

- Identify upfront the path and **outcome** you want.
 - ✓ What is the real problem you're trying to solve?
 - ✓ What do people really need?
 - ✓ What are the available resources?
 - ✓ What is the direction/arrow?
- Build the best possible **“model”** or **“blueprint”** to achieve that outcome.
 - ✓ What's the model going to look like?
 - ✓ What system(s) do you need in place to push it out?
 - ✓ Can you see your model “running” and the value coming out?
- Make **adjustments** along the way. Ask yourself:
 - ✓ Does your model need to be broader than just economic and financial education? And how?
 - ✓ How will the layout and design affect people's psychology and behavior?
 - ✓ How does your “model” reflect your organization's true spirit, value, and culture?
- Prepare your **“proposal”** and build your **“business case.”**

When you do it this way you will understand the inside condition of your model and how to adjust it.

Making the business case: What are our partners and investors looking for?

- Learning how to speak “**the language**” of the public and private sectors (e.g., proposal, business model, costs/returns/valuation).
- Generating returns/benefits (i.e., metrics) with long-term “**value**” and **sustainability**.
- Model must easily **translate** and be **adaptable**.
- Economically (and socially, ethically, and environmentally) **conscious**.
- Broad **societal impacts**.



Imagine the following....

- Public-private sector strategies for new **innovation** and new **economic development**.
- A sustainable model/enterprise of new innovation and development that has **long-run value and benefits**.
- Creation of **new models and systems** to:
 - ✓ Rebuild local economies.
 - ✓ Support local governments, communities, and schools.
 - ✓ Create a highly-skilled workforce.
 - ✓ Attract skilled workers, new investment, international interest.
 - ✓ Raise the economic and financial well-being of entire communities.

Isn't this what we're ultimately trying to achieve with economic and financial education?



Implications for providers of economic and financial education

- How does this change the way we think about economic and financial education?
- How we define it?
- How we actually do it?
- How we measure and define success?



**Ultimately, how does it raise
our professional ability
and push us to the next level?**

What Did You
Learn Today ?



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